



Project #: 527-A-00-03-00073-00
Reporting Period: January – March 2004¹
SO13

I. Summary of Activity Status and Progress

a. *Introductory paragraph*

During the report period, WWF-PPO prepared and submitted a proposal to consolidate forest sector development activities to USAID. In the field, WWF-PPO continued providing technical assistance to forest concessionaires in the Aguaytía area, such that 04 Annual Operating Plans for 2004 have been submitted to INRENA. Furthermore, in the component of Green Belt reforestation, planting was effectively completed, while local residents continue to participate in the maintenance of the plantations and capacity building activities. In addition, INRENA granted formal recognition to the establishment of a local forest to benefit 35 communities, and WWF-PPO recently assisted another community in the submission of a similar request. Local participants are preselected according to their signing of agreements for the voluntary eradication of coca.

b. *Highlights*

- During the reporting period, a total of **1505 temporary labor days** were utilized in the implementation of activities in the forest concessions, including detailed forest inventories, boundary demarcation and tree identification. The labor days benefited a **total of 165 families**.
- During the report period, the **agreement** between the concessionaire *El Aguajal* and the timber buyer *GEA* in Pucallpa **was formalized**. This **strategic alliance** will offer the concession with a reliable source of capital in order to make additional improvements in infrastructure and implement a methodology consistent with voluntary forest certification standards. Following the completion of the concessionaire's business plan, the *Caja Rural de San Martín* approved a **loan of USD 50,000** for the concessionaire.
- In terms of agroforestry systems, a **total of 76 plots** have been installed in **farms in 15 communities** in the districts of Irazola, Padre Abad and Curimana. These activities directly **employed 274 local residents**.

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c. Table of Activity Status

Activity Number	Activity Title	Status	Page number for more information
1	Sustainable Forest Management in the Von Humboldt Forest Concessions: full forest inventories (100%), implementation of forest management plans, and forest roads	On-track	3
2	Buffer Zone Primary Forest Protection: the Von Humboldt Green Belt ("Franja Verde")	On-track	5
3	Community-based Secondary Forest Management, Agroforestry Systems and Local Forests	On-track	6
4	Von Humboldt-Aguaytía Small Loan Financial Service	On-track	8

II. Detailed Description of Site Progress

a. Key short and long-term program objectives for the site.

This project aims to achieve the following key objectives:

1. Prevent and mitigate coca cultivation within forest concessions located in Von Humboldt permanent production forest and their influence areas.
2. Create alternate income sources and employment opportunities not dependent on the illicit production of coca or illegal logging. Sustainable timber or agroforestry production must become viable economic alternatives and create enough incentive for coca producers and illegal loggers to voluntarily stop their current practices.
3. Contribute to the conservation of primary forest in the Von Humboldt permanent production forests and stabilize deforestation and soil degradation caused by migratory slash-and-burn agriculture in secondary forests in the area.
4. Support the improvement of forest control systems and reduce illegal logging in the province of Padre Abad.
5. Provide training and comprehensive instruction to key players in the pilot project area regarding all critical facets of forest product businesses and sustainable forest management, based on FSC principals and criteria.
6. Facilitate resource poor farmer and micro-enterprise access to short-term capital in the form of revolving funds in order to support their transition to modernized systems of forest use and to support long-term, sustainable business activities that do not rely on illicit coca production or illegal logging.

b. Activity Description

i. Activity Title :Sustainable Forest Management in the Von Humboldt Forest Concessions: full forest inventories (100%), implementation of forest management plans, and forest roads

ii. Summary of major achievements and progress

- WWF-PPO assisted the five forest concessionaires in the implementation of detailed forest inventories for the development of Annual Operating Plans of 2004. These AOPs are applicable to the harvest season that commences in May 2004 and terminates in April 2005. The AOPs for 04 concessions were elaborated and presented to INRENA and are currently awaiting its approval. The fifth concessionaire, *General Products*, submitted its rights to INRENA and will no longer administer his area. WWF-PPO is discussing the possibility of extending technical assistance to an alternative and pre-existing concessionaire in the region. Meanwhile, the General Forest Management Plans for the five concessions were submitted and are awaiting INRENA's approval.
- During the reporting period, a total of 1505 temporary labor days were utilized in the implementation of activities in the forest concessions, including detailed forest inventories, boundary demarcation and tree identification. The labor days benefited a total of 165 families.
- WWF-PPO continues to collaborate actively with the local office of INRENA in Aguaytía. As requested, specialists share cartographic information – including maps – that are useful to INRENA in their activities of control and supervision. Collaboration with INRENA also took place to assist in the formation of the Forest Management Committees in Aguaytía and San Alejandro watersheds. Representatives from both entities share the role of facilitator in capacity building activities for the stakeholder groups.
- During the report period, the agreement between the concessionaire *El Aguajal* and the timber buyer *GEA* in Pucallpa was formalized. This strategic alliance will offer the concession with a reliable source of capital in order to make additional improvements in infrastructure and implement a methodology consistent with voluntary forest certification standards. In addition, WWF-PPO assisted in the elaboration of the concessionaire's business plan. A direct consequence of these two achievements, the *Caja Rural de San Martín* approved a loan of USD 50,000 for the concessionaire for the purchase of machinery required to construct an adequate forest access road as well as to transport timber. Providing direct assistance to the concessionaire *World Green Peru*, WWF-PPO will soon complete its business plan that will allow the concessionaire to request a loan from the *CRSM* for the same purpose.
- WWF-PPO continues implementing capacity building activities for forest concessionaires as well as field personnel as needed. A workshop was offered for 04 enterprises, to raise awareness of the advantages of forming strategic business alliances and consolidating the chain of production. To promote local understanding of the forest concessions process, a workshop was organized for 50 local residents on the different types of access to the forest resources. Specifically, WWF-PPO raised awareness for those residents that live along access points to concessions and in some cases, unaware of the concessionaires' legal rights, have blocked access to the same concessionaires and their employees. All of the participants of the workshop benefit from at least one of the project activities, such as secondary forest management, agroforestry, or Green Belt reforestation. In addition to this formal workshop, WWF-PPO staff provided on an informal and continuous basis training in topics of a technical, legal, administrative and economic nature, as the need arose.

- WWF-PPO contracted a consultant to develop a technical proposal for the construction of 12 km. of access road for the concession *Von Humboldt Forest*. As the field component of this consultancy, the 12km stretch was surveyed on the ground. Further construction of access roads for the concessions was impeded by inclement weather. Although, before the rainy season began, the concessionaire *Consortium Forestal Fine Forest* began surveying a future access road. Unfortunately this activity was suspended when local residents kidnapped the workers. The workers have been released and negotiations with the local population have been resumed to facilitate the field activities.

iii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
1.1	100% Forest Inventories 2003	
1.1.1	Development and implementation of participatory planning process for forest inventories	On-track
1.1.2	Forest brigades implement preliminary field work for forest inventories	On-track
1.1.3	Data collected and processed, cartographic information developed and georeferencing complete	On-track
1.1.4	Annual Operating Plans submitted to INRENA and approved	On-track
1.2	Development and Implementation of Forest Management Plans	
1.2.1	Forest Management Plans designed in a participatory manner	On-track
1.2.2	Forest harvest carried out according to low impact practices	On-track
1.2.3	Environmental impact mitigation plan developed	On-track
1.2.4	Establishment and implementation of three control posts in Von Humboldt permanent production forests, in close collaboration with INRENA	On-track
1.2.5	Forest Management Plans submitted to INRENA and approved	On-track
1.3	Forest Road Network	
1.3.1	Design of forest road network and improvement of key access ways and skid trails	On-track
1.3.2	Development and implementation of monitoring and evaluation system to measure the effectiveness of mitigation measures for forest roads, based on environmental impact mitigation plan	On-track

iv. Key management issues

Like many of their counterparts in Huanuco and San Martin, concessionaires in the Aguaytia region confront as the primary obstacle the relationship with the local residents who live along the access road to their concession. Timber mobilization out of the concession is inhibited, while in some cases, neighbors foment

illegal logging activities in the concessions. While a simplistic solution would be to request the intervention of law enforcement authorities, concessionaires recognize that this would only exacerbate already delicate relations with the nearby communities.

WWF-PPO has responded by organizing meetings and inviting all stakeholders to participate. Open discussions were held on the different types of access to forest resources, the forest concessions process, and concessionaires rights. To complement this effort, the concessionaires should give special consideration to neighboring residents when organizing their workforce for specific activities. Meanwhile, WWF-PPO's implementation of the Green Belt reforestation and secondary forest management provides opportunities for communities to be beneficiaries in the Von Humboldt- Aguaytia project.

i. Activity Title : Buffer Zone Primary Forest Protection: the Von Humboldt Green Belt ("Franja Verde")

ii. Summary of major achievements and progress

- During this report period, significant advances were made in the reforestation of the Green Belt on both sides of the Federico Basadre road, in the stretch between San Alejandro and Aguaytía. With technical guidance from WWF-PPO and the Peruvian Society for Eco-development (SPDE), local residents planted fast growing species including *bolaina* (*Guazuma crinita*) and *pijuayo* (*Bactris gasipaes*) along 26 km and surveyed an additional 34 km. Following the completion of planting activities, workers have been employed to maintain the plantations as well as continue producing saplings in the communities' tree nurseries. Remaining reforestation activities in the Irazola district will be completed following additional awareness raising and capacity building of the beneficiary population.
- During the report period, Green Belt reforestation activities generated approximately 1700 temporary labor days which benefited 750 families in the districts of Curimana, Irazola and Padre Abad. Capacity building activities for project beneficiaries covered the topics of sapling production and tree nursery establishment and maintenance.
- WWF-PPO – in collaboration with the local operators – continued to facilitate the establishment of Forest Management Committees in the Aguaytia and San Alejandro watersheds. In the districts of Irazola and Padre Abad, capacity building activities were organized for 35 local stakeholders, including local residents from mestizo and indigenous communities, local and regional authorities, and institutions and organizations active in the region. Topics covered in the workshops included sustainable natural resource management, the distinct ways to access forest resources according to INRENA, and other themes relevant to committee management.

iii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
2.1	Land Tenure Conflict Resolution and Boundary Demarcation Carried Out in the Forest Concessions	
2.1.1	Participatory demarcation of the “Green Belt”, verification in the field, and INRENA approval secured	On-track
2.1.2	Data collected regarding land tenure claims and legal rights, including field verification, and legal processes completed to resolve conflicts	On-track
2.2	Institution of Forest Management Committees and Participatory Forest Management	
2.2.1	Establishment of Forest Management Committee for the Aguaytía River Basin, consisting of forest concessionaires and relevant local players	On-track
2.2.2	Implementation of a capacity building program directed towards grassroots community groups	On-track
2.3	Implementation of Reforestation Program	
2.3.1	Design and implementation of reforestation and management program in the buffer zone, in collaboration with forest management committees and other local players	On-track
2.3.2	Implementation of capacity building workshops necessary for reforestation program implementation	On-track

iv. Key management issues

WWF-PPO completed reforestation of the Green Belt, although a field inspection would reveal otherwise. The contradiction results from the policy that activities can only be implemented in communities that have signed an agreement to eradicate coca. There exist a total of 24 communities that occupy approximately 28 km of what would be included in the Green Belt. But because these residents have not signed agreements to eradicate coca, WWF-PPO needs to exclude them, even though many have specifically requested to participate. Furthermore, in order to reach many of the work sites, technicians are required to walk through these communities. Project personnel are often therefore placed in uncomfortable social situations in which they need to negotiate their passage with community members who are not able to benefit from the project.

i. Activity Title : Community-based Secondary Forest Management, Agroforestry Systems and Local Forests

ii. Summary of major achievements and progress

- WWF-PPO – in coordination with operators in the field – made significant advances in the installment of agroforestry systems, as well as in the identification of sites for reforestation concessions. Participating

communities were all pre-selected according to the list of communities that have signed agreements with DEVIDA for the eradication of coca. In terms of agroforestry systems, a total of 76 plots have been installed in farms in 15 communities in the districts of Irazola, Padre Abad and Curimana. These activities directly employed 274 local residents. Species utilized in the farmers' fields include the *bolaina* (*Guazuma crinita*), *capirona* (*Calycophyllum spruceanum*), *cedro* (*Cedrela fissilis*), *guaba* (*Inga edulis*), *ishpingo* (*Amburana cearensis*), *pijuayo* (*Bactris gasipaes*) and *aguaje* (*Mauritia flexuosa*). A formal capacity building workshop in agroforestry techniques benefited 100 local residents.

- In order to establish reforestation concessions, WWF-PPO is assisting in the elaboration of technical reports to submit to INRENA, for designation of a specific area. A request has been submitted to establish a concession for the community of Pampa Hermosa, by which approximately 50 families would benefit.
- Advances continue in the establishment of local forests. During the report period, WWF-PPO assisted the community of Tangarana in receiving formal recognition from INRENA for a local forest that will benefit 35 families. Following the announcement by INRENA, WWF-PPO will provide technical support to implement a detailed forest inventory of the area, required in order to receive permission to begin harvesting timber resources. Recently an additional technical report was submitted to INRENA requesting the designation of a local forest in the community of Hidayacu. Approximately 37 families would benefit. Species that have been identified in a preliminary evaluation of the areas include the *bolaina* (*Guazuma crinita*), *tornillo* (*Cedrelinga cateniformis*), *moena* (*Aniba muca*), *higuerilla* (*Micrandra spruceana*), *cachimbo* (*Cariniana domestica*), *huayruro* (*Ormosia coccinea*), *pumaquiro* (*Aspidosperma macrocarpon*), *pashaco* (*Macrolobium acaciaefolium*), *machinga* (*Brosimum muleanum*), *mashonaste* (*Clarisia racemosa*), *estoraque* (*Myroxylon balsamum*) and *cedro* (*Cedrela fissilis*).

iii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status*
3.1	Development of detailed vegetation cover, forest potential, and land use change characterizations and analyses for the project area most impacted by coca cultivation	On-track
3.2	Secondary forest and agroforestry systems management	
3.2.1	Design of long-term forest development plan for the San Alejandro and Aguaytía area, which considers land use planning, necessary services for the area, and potential local markets	Pending
3.2.2	Implementation of forest inventories, forest harvest using improved infrastructure, and reforestation plan	Pending
3.3	Local Forest Management	
3.3.1	Local forest target sites identified, selected, and verified in the field	Complete
3.3.2	Development and implementation of training and awareness raising strategies targeting local communities and governments	On-track
3.3.3	Forest Management Plans developed, approved by INRENA, and implemented in local forests	On-track

iv. Key management issues

Despite the lack of clear guidelines produced by INRENA, WWF-PPO continues to record advances in the establishment of reforestation concessions. While awaiting a formal decision from INRENA, the operators in the field are pursuing recognition of the concessions on a case by case basis. Meanwhile, WWF-PPO in Lima is raising the unresolved issue with INRENA leadership, both verbally and in writing. Closer coordination between the operators in the region has facilitated improved efficiency in site selection for forestry related activities. Upon receiving information that another operator of the ADP has begun complementary projects in a community, WWF-PPO begins to coordinate with the operator and the community to assess potential interest in agroforestry or secondary forest management.

i. Activity Title : Von Humboldt-Aguaytía Small Loan Financial Service

ii. Summary of major achievements and progress

- Developed by WWF-PPO in close collaboration with the Caja Rural de San Martín (CRSM), the financial services mechanism is in implementation. During the report period, USD 50,000 was disbursed to one forest concession enterprise in the Aguaytía region. WWF-PPO has contracted consultants who are facilitating the formation of consortia among forest concessionaires. The consortia will then apply

for loans from the CRSM. By promoting the consortium as the loan recipient instead of individual concessionaires, WWF-PPO is ensuring that the maximum added value is given to the timber products. During the coming report period, it is projected that a significant portion of the Trust Fund will be disbursed to qualified credit beneficiaries.

iii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status*
4.1	Design and Implementation of Small Loan Financial Service Mechanism	
4.1.1	Design of participatory small loan financial service mechanism, including financial sustainability plan	Complete
4.1.2	Promotion and establishment of small loan financial service	On-track
4.2	Monitoring and Supervision of Small Loan Financial Service	
4.2.1	Design and implementation of monitoring and supervision system	On-track
4.2.2	Design and implementation of training plan in support of credit system	On-track

iv. Key management issues

The implementation of the financial services mechanism is on-track.

III. Success Stories and Other Appendices

When appropriate and possible, include one or more one-page success stories appropriate for public dissemination.